



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	June 6, 2018
SUBJECT/REPORT NO:	Affordable Housing Demonstration Project (PED16236(a)) (Ward 4)
WARD(S) AFFECTED:	Ward 4
PREPARED BY:	Edward John (905) 546-2424 Ext. 2359
SUBMITTED BY:	Glen Norton Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That staff be directed to consult with the community and stakeholders regarding the proposed Community Improvement Plan Area (CIPA) boundary as detailed in Appendix “A” to Report PED16236(a);
- (b) That staff be authorized and directed to evaluate potential Community Improvement Plan Area (CIPA) incentives that will deliver a sustainable, accessible and affordable community including but not limited to forgivable loans equivalent to Development Charge and Parkland Dedication fees;
- (c) That Corporate Services staff be directed to present the option of removing Development Charge exemptions for affordable housing to the Development Charge Stakeholders Sub-Committee for consideration when recommending policy direction for the 2019 Development Charge Study;
- (d) That upon implementation of the approval the item respecting review of extending the Community Improvement Plan Area be removed from the Planning Committee Outstanding Business list.

EXECUTIVE SUMMARY

Roxborough Park Inc. (RPI) is proposing a mixed income and mixed tenure development on lands which contained the former Roxborough Park School and adjacent lands currently owned by CityHousing Hamilton.

The development is intended to satisfy a number of planning and social policy objectives. In order to facilitate this development and future neighbourhood revitalization, staff is proposing the creation of a new Community Improvement Plan Area (CIPA). The CIPA would consist of the lands proposed under Development Application ZAC-18-10/OPA-18-006 and additional lands exhibiting similar characteristics, and assigning a package of incentives, potentially including but not limited to, forgivable loans to cover Parkland Dedication and Development Charges (DC) applicable to affordable housing and neighbourhood revitalisation developments.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Report PED16236(a) has no financial implications. However, as part of the review, City of Hamilton Finance staff will be consulted in order to determine feasibility of the proposed incentives. Any financial implications will be addressed as part of the subsequent report.

Staffing: N/A

Legal: Report PED16236(a) has no legal implications. However, as part of the review, City of Hamilton Legal staff will be consulted in order to determine feasibility of the proposed incentives through the regulatory framework.

HISTORICAL BACKGROUND

The proposed development is located within the McQueston Neighbourhood. This neighbourhood is bounded by the Red Hill Valley to the east, Queenston to the south, Parkdale to the west and the railroad tracks between Barton and Burlington Streets to the north. It is home to over 7,000 residents.

Studies by the Social Planning Research Council, 2012 have profiled the neighbourhood, with findings suggesting that the social and economic vulnerability of its population is more significant than other neighbourhoods. This vulnerability is particularly acute in young families and elderly people.

The proposed development would in part, address this vulnerability through providing additional housing options for a variety of economic needs. The development would also result in the renovation and revitalisation of existing social housing units and serve as a catalyst for general neighbourhood renewal in a sustainable and inclusive manner.

The subject lands include the site of the former Roxborough Park School, which has been closed since June 2015 and which was demolished in 2017. The school site was purchased by Roxborough Park Inc. (RPI), with the intent of developing a residential

development. The re-development of the subject lands for residential purposes is considered both appropriate and desirable as it is situated within an existing residential neighbourhood, adjacent Roxborough Park and serviced by higher order transportation network, including but not limited to the Red Hill Parkway and the future GO Station at Queen Elizabeth Way (QEW) and Centennial and in proximity of the terminus of the proposed Light Rail Transit (LRT) route.

The potential inclusion of additional lands owned by CityHousing Hamilton (CHH) could result in a development that includes mixed income, mixed tenure units, and re-development of existing housing stock that is at the end of its intended lifecycle and requiring significant Capital expenditure in order to repair. This was discussed in detail at the CHH Portfolio Committee, September 16, 2016. At that meeting the following motion was made by Councillor Jackson and unanimously approved:

“That staff continue discussions with Roxborough Park Inc. representatives and report back to a future committee with the result of those conversations.”

On this premise, Planning staff has been working with Housing Services, CHH and the proponents to determine a comprehensive plan for delivery of an affordable housing demonstration project. One key determinant to the success of the development would be the availability of financial assistance from the City to ensure a meaningful amount of affordable housing is created and secured.

Previous staff Report PED16236 which was presented to General Issues Committee (GIC) in December 2016, highlighted the options available for consideration in order to facilitate the demonstration project. The Report previously recommended that further investigation be conducted to determine the most appropriate approach. As detailed within this Report, it is considered that the CIPA approach would represent the most appropriate in order to achieve the desired outcome and to be in a position to potentially replicate this approach in other suitable locations.

If successful, this option could be applied to City Wide “Bluefields” and act as a model for other joint ventures to meet broader policy goals and objectives. “Bluefields” are institutional or community facilities that are no longer in use. They may include former schools, hospitals, long-term care facilities, court houses or similar uses. They often are economically challenged sites, such as the subject lands. While not all former institutional sites face the same challenges, it is noted that the concepts and ideas regarding the redevelopment will assist in achieving other policy objectives in addition to affordable housing, including open space and parkland.

Similarly, another criteria can be a large area of subsidized non-profit housing demonstrating the manner in which sustainable, accessible and affordable housing can act as a catalyst for neighbourhood revitalization.

Following discussions between the proponents and CHH, a report providing options for the disposition of the lands and the re-development of units for CHH was presented in-camera in October 24, 2017 to the CHH Portfolio Committee. The following recommendation was issued:

- (i) The Board of Directors approve in principle the sale and purchase of the Lang-Hayes-Reid site to Roxborough Park Inc. (RPI), contingent on continued negotiations with RPI towards finalizing the proposed development opportunity as described in this Report, provided it is confirmed to be in alignment with the goals and mission of the organization and accompanied with detailed legal and financial commitments including but not limited to the following:
 - a. Companion agreements securing housing affordability is achieved throughout the balance of the site to the satisfaction of the CHH Board of Directors and the City of Hamilton;
 - b. That an independent appraisal, sourced and selected by the City of Hamilton, and paid for by RPI, is provided for the lands to be sold to ensure fair market value is received;
 - c. That a purchase and sale agreement be prepared, including, but not limited to construction costs and construction details regarding the 95-unit CHH building to be developed, all to the satisfaction of the CHH Board of Directors;
 - d. That a Transition Plan and Communication Plan be submitted and approved to ensure that all residents are appropriately engaged and provided with current information, to the satisfaction of CHH Board of Directors and the City of Hamilton; and,
 - e. That innovative design and construction measures are incorporated within the proposed 95-unit CHH building to ensure the ongoing commitment of CHH to secure economic and social sustainability.

Following approval of this recommendation, City staff and RPI have been working with the community and CHH representatives in order to address the matters identified above. The applicant has also submitted formal *Planning Act* applications to re-zone and re-designate the subject lands. These applications are currently under review and are anticipated to be in a position to be presented to Council in the Summer of 2018.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The following are policy considerations in general support of the proposed demonstration project:

Planning Act

The *Planning Act* supports affordable housing particularly through amendments made by the Strong Communities through *Affordable Housing Act, 2011*. Among other matters, this Act emphasized affordable housing as a Provincial interest.

Growth Plan for the Greater Golden Horseshoe

- Policy 4. Applying the policies of this Plan will support the achievement of complete communities that:
- a) feature a diverse mix of land uses, including residential and employment uses, and convenient access to local stores, services, and public service facilities;
 - b) improve social equity and overall quality of life, including human health, for people of all ages, abilities, and incomes; and,
 - c) provide a diverse range and mix of housing options, including second units and affordable housing, to accommodate people at all stages of life, and to accommodate the needs of all household sizes and incomes.

The proposed development represents a meaningful way in which to secure a range of housing types, sizes and available for a range of incomes.

- Policy 1. Upper and single-tier Municipalities, in consultation with lower-tier Municipalities, the Province, and other appropriate stakeholders, will each develop a housing strategy that:
- a) supports the achievement of the minimum intensification and density targets in this Plan, as well as the other policies of this Plan by:
 - i. identifying a diverse range and mix of housing options and densities, including second units and affordable housing to meet projected needs of current and future residents; and,
 - ii. establishing targets for affordable ownership housing and rental housing.
 - b) identifies mechanisms, including the use of land use planning and financial tools, to support the implementation of policy 2.2.6.1 (a);
 - c) aligns with applicable housing and homelessness plans required under the *Housing Services Act, 2011*; and,

- d) will be implemented through official plan policies and designations and zoning by-laws.

The development represents a form of intensification that is intended to meet the increasing demand for housing within the City of Hamilton.

Policy 3. To support the achievement of complete communities, Municipalities will consider the use of available tools to require that multi-unit residential developments incorporate a mix of unit sizes to accommodate a diverse range of household sizes and incomes.

Given the development and proposed location with respect to available services, parks, institutional uses and transit, represents an ideal opportunity to achieve a complete mixed income sustainable community.

Provincial Policy Statement (2014)

Policy 1.1 - Managing and Directing Land Use to Achieve Efficient and Resilient Development and Land Use Patterns – identifies that healthy, liveable and safe communities are sustained by an appropriate range and mix of residential uses including second units, affordable housing and housing for older persons uses. The proposed incentives would assist in removing some of the financial barriers that encumber mixed income developments.

Furthermore, Policy 1.4.3 specifically directs planning authorities to provide for an appropriate range and mix of housing types and densities to meet projected requirements of current and future residents of the regional market area by:

“b) permitting and facilitating:

- 1) all forms of housing required to meet the social, health and well-being requirements of current and future residents, including special needs requirements.”

It is anticipated that the proposed incentives would assist in facilitating affordable housing City wide.

Province’s Long-Term Affordable Housing Strategy

Creating inclusive, complete communities with a broad mix and range of housing types is an important step to building Ontario’s health and prosperity. The updated Long-Term Affordable Housing Strategy focuses on increasing the supply of affordable housing, supporting people, and ending chronic homelessness.

Urban Hamilton Official Plan

The following Urban Hamilton Official Plan (UHOP) goals and policies strive to increase the supply of affordable housing in Hamilton:

Goals

- B.3.2.1.3 Increase Hamilton's stock of affordable housing of all types, particularly in areas of the City with low levels of affordable housing.
- B.3.2.1.4 Increase Hamilton's stock of housing for those whose needs are inadequately met by existing housing forms or tenure, affordability or support options.

Policies

- B.3.2.3 Many households in Hamilton cannot obtain housing that is affordable or appropriate to their needs. Households and individuals may be at risk of homelessness because of economic and/or personal circumstances where a level of support is required to live independently. Hamilton's aging and diversifying population has new and unique housing needs that cannot solely be met through current housing options. The City recognizes the importance of affordable housing and housing with supports in meeting the housing needs of those without the resources to participate in the private housing market.
- B.3.2.3.2 Where appropriate, assistance shall be provided, either by the City and/or by senior governments, to encourage the development of affordable housing, with priority given to projects in areas of the City that are lacking in affordable housing. City assistance may include selling or leasing of surplus City land or financial assistance.
- B.3.2.3.6 Investment in new affordable housing shall be encouraged by a coordinated effort from all levels of government through implementation of a range of strategies, including effective taxation, regulatory and administrative policies and incentives.

Housing and Homelessness Action Plan

In December, 2013, Council approved the City's 10-year Housing and Homelessness Action Plan which is a strategic and implementation plan to address affordable housing and homelessness in Hamilton (Report CS11017(c)). The development of the Action Plan was informed by extensive community engagement and a comprehensive needs analysis and provides a framework to inform decisions about housing resource allocation in Hamilton.

The Action Plan sets out several strategies which are designed to address the supply, affordability and quality of Hamilton's affordable housing stock:

Strategy 1.2: Explore the potential for new incentive and funding programs and expand and promote more broadly existing City incentive programs to increase the supply of affordable housing (e.g., capital grants/loans, tax deferrals, waived development and other charges, etc.).

Strategy 1.5: Explore the feasibility/further promote opportunities that exist in the Urban Hamilton Official Plan for density bonusing and use of Community Improvement Plans to offer other incentives for affordable housing.

Strategy 1.8: Advocate for changes to the City's and senior governments' surplus land policy to make surplus land available for affordable housing development at discounted or no cost.

Strategy 2.1 (a): Encourage mixed housing and mixed income development in all urban neighbourhoods by increasing opportunities for rental, social and affordable housing in areas that currently offer limited opportunities.

Strategy 2.1 (c): Encourage mixed housing and mixed income development in all urban neighbourhoods by exploring opportunities for social housing communities to redevelop to include a mix of new housing options.

Strategy 2.3: Increase homeownership opportunities for renters, including social housing tenants.

Strategy 2.8: Explore options that ensure social housing applicants and tenants have as much choice as possible.

Strategy 4.10: Adequately fund capital reserves for social housing based on Building Condition Assessments and Reserve Fund Studies.

Strategy 4.6: Increase the number of rental units that meet the needs of larger families.

Strategy 4.9: Inventory, rate and increase the number of social housing units that meet the needs of persons with disabilities through existing and new housing opportunities.

The following policies are applicable to the creation of a CIPA:

Planning Act

The *Planning Act* (Section 28) allows Municipalities that have provisions in their Official Plan relating to community improvement, such as the City of Hamilton, to designate by by-law a community improvement project area, and then to prepare a Community Improvement Plan (CIP) for the project area. A Municipality may then make grants and loans, in conformity with the approved CIP, that would otherwise be prohibited under the *Municipal Act* (Section 106(1)), to the registered/assessed owners or tenants of land and buildings, or their respective assignees, within the designated project area. An amendment to the CIP requires a statutory public meeting with notice requirements in accordance with the *Planning Act*.

The recommended changes to the CIP must be conducted in accordance with the *Planning Act* (Section 17 (15) (d) and Section 28) and the Public Participation and Notification Policies contained in the City's Official Plan, including a statutory public meeting and notice requirements.

Urban Hamilton Official Plan

- F.1.15.1 Community Improvement shall be carried out through the designation, by Council, of CIPAs and through the preparation and implementation of Community Improvement Plans (CIP) pursuant to the *Planning Act*. It is the intent of Council that the entire urban area or any part of the urban area as defined in this Plan, and as subsequently amended, may by by-law be designated as a CIPA.
- F.1.15.2 When designating CIPAs, one or more of the following characteristics may be present:
- a) building stock or property in need of rehabilitation;
 - b) buildings and structures of heritage or architectural significance;
 - c) encroachment of incompatible land uses or activities;
 - d) deteriorated or insufficient physical infrastructure such as, but not limited to, sanitary and storm sewers and water mains, public transit, roads/streets, curbs, sidewalks, street lighting and utilities;
 - e) deteriorated or insufficient community facilities/services such as, but not limited to public indoor/outdoor recreational facilities, public open space and public social facilities;
 - f) inadequate mix of housing types;

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- g) inadequate affordable housing;
- h) known or perceived environmental contamination;
- i) deteriorated or insufficient parking facilities;
- j) poor overall visual amenity of the area, including, but not limited to streetscapes and urban design;
- k) existing Business Improvement Areas (BIA) or potential for inclusion in a BIA designation, provided such designation is in conformity with the Niagara Escarpment Plan;
- l) inappropriate road access and traffic circulation;
- m) shortage of land to accommodate building expansion and/or parking and loading facilities;
- n) other barriers to the improvement or re-development of under utilized land or buildings; or,
- o) any other environmental, social, or community economic development reasons for designation.

F.1.15.3 CIPs shall provide direction regarding the application of one or more of the following:

- a) allocation of public funds such as grants, loans or other financial instruments for the physical rehabilitation, redevelopment or improvement of land and/buildings;
- b) municipal acquisition of land or buildings and subsequent land clearance, rehabilitation, redevelopment or resale of these properties or other preparation of land or buildings for community improvement;
- c) encouragement of infill and rehabilitation where feasible;
- d) promotion of historic preservation through the appropriate local, provincial and federal legislation;
- e) promotion of the viability of Commercial areas through the establishment and support of BIAs;

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- f) other municipal actions, programs or investments for the purpose of strengthening and enhancing neighbourhood stability, stimulating production of a variety of housing types, facilitating local economic growth, improving social or environmental conditions, or promoting cultural development; and,
- g) Identification of cultural heritage resources which shall be, wherever possible, conserved through appropriate adaptive reuse and alterations. Demolition of heritage structures shall be discouraged.

F.1.15.5 Council shall determine the priorities and sequences in which designated CIPAs shall have individual CIPs prepared.

F.1.15.6 Any CIP shall endeavour to co-ordinate individual initiatives to improve properties with municipal actions to upgrade physical infrastructure and community services, and promote new types of housing.

F.1.15.7 Council shall be satisfied that community improvements are within the financial capability of the City.

On the basis of the above, it is considered that the creation of a new CIPA in combination with an incentives program geared towards encouraging sustainable, mixed income developments implements provincial and local policy direction.

RELEVANT CONSULTATION

- Housing Services Division, Healthy and Safe Communities Department; and
- Finance and Administration, Corporate Services Department.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The project currently consists of developing upwards of 600 multiple density residential units, predominately in the form of townhouses, with three proposed rental multiple dwellings (8-10 storeys) sited in proximity to Queenston Road. Discussions are on-going with respect to the potential of securing affordable housing for seniors within one of the buildings and for the delivery of a turnkey 95-unit building for CHH.

Currently the lands include the former Roxborough School (now demolished) on the lands owned by RPI and 91 Rent Geared to Income townhouses and 16 market apartments (one bedroom) on the lands owned by CHH.

The Roxborough development would be an appropriate candidate for an incentive demonstration project. It is a large (approximately 4.5 ac) contiguous piece of

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property that if combined with the existing CHH lands (approximately 8 ac), could enable the revitalisation of existing subsidized units within a larger mixed income development. The lands are currently underutilized and appropriately suited to take advantage of intensification. The lands are serviced by existing and future transportation infrastructure and are also designated for residential development within the UHOP.

Another matter which lends itself to the appropriateness of this project for demonstration purposes is the existing Roxborough Park immediately to the north. Discussions are underway to co-ordinate park enhancements with the proposed development. Such coordination would not only result in public realm improvements for the wider area, but also create more enhanced amenity space that could foster increased community interaction.

Additionally, work is underway on the development of a Community Hub within the former St. Helen's School site also located within the McQueston Neighbourhood. Council Motion of February 14, 2018 has sought to purchase the site and make it available in the long-term for this specific purpose. While this is a separate process and still in the development stage, future community hub uses may provide important community supports for the residents of the Roxborough development, creating a more sustainable and complete community. As detailed within this Report, the proposed CIPA boundary would extend to include these lands and as a result also assist future redevelopment of the former St. Helen's School.

As there are current residents in the existing units, transition issues must be considered. One of the proponents (Effort Trust Property Management) currently has access to a large inventory of rental properties within the immediate and wider local area. This inventory creates greater options for the residents currently residing in the CHH units, should the plan proceed and temporary relocation be required in the short or long-term.

The 95-unit CHH building is under consideration as the first building constructed on site. This phasing of development is considered to be the least impactful upon existing residents. It would allow many of the residents to stay within their existing accommodations during the construction of the proposed new CHH building, avoiding the need for subsequent moves and transitional accommodations. These transition details would be assessed and developed through resident consultation and ultimately determined through the transition plan that would require ministerial consent.

Core Principles for Re-development

Through initial discussions regarding this demonstration project, a number of core principles were developed by staff in order to ensure the development satisfied current policy requirements, and demonstrated a meaningful approach to sustainable, inclusive

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community building that prioritizes affordable housing. These core principles are as follows:

- Maintain Current Service Level Standards – how this would be achieved would be defined through the development process with at least the same number of subsidized income units currently owned and operated by CHH would be maintained. This is a Provincial requirement;
- Net increase in the number of units (both affordable and market) to deliver a complete and efficient development;
- Significant intensification of the lands, which are currently underutilized, to meet housing needs, efficiently use the lands and create a complete community. This complete community will take advantage of the existing and future services, infrastructure and parkland;
- Achieve income mix – deliver a spectrum of units that provides a range of housing options for all community members, including households with incomes below the 40th income percentile (i.e. deeper affordability);
- Tenure Mix – deliver both ownership and rental units, ensuring a mix of housing options;
- Quality Design – the goal would be a seamless array of housing forms, both market and affordable defined by a consistently high quality of design;
- Mix of unit sizes – ensure a range of housing needs are met through a variety of unit sizes, including for large families;
- Accessibility – ensure accessibility needs are met through application of the City's Barrier Free Design Guidelines;
- Length of affordability – ensure affordability is maintained over the long term; and,
- Capacity building – providing the opportunity to include community supports with the housing.

Whereas the above principles are responding to the specific needs of the subject lands, it is considered that in general, this approach to mixed income development, particularly when it involves sites that currently accommodate subsidized units, would be applicable on a broader City-wide basis.

To facilitate delivery of the above principles and the demonstration project in general, staff is preparing a development strategy. The strategy has been divided into several separate but related plans and processes.

Roxborough Development Strategy

City Housing Hamilton Lands Acquisition

Staff has been directed to work with CHH and RPI to finalize the conditions and outcomes necessary to facilitate the re-development of the CHH and RPI lands with the

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intent of creating an inclusive mixed income community. The applicants have retained the services of housing consultant (Tim Welch) who has experience in social housing matters.

Incentive Package

As detailed within this Report, the potential range of incentives available will be explored through consideration of this as a 'Demonstration Project' intended to stimulate a mixed income mixed tenure development that provides neighbourhood revitalization in a balanced and inclusive manner.

Phasing Plan

One of the more significant opportunities with the RPI proposal is the ability to phase development in order to facilitate a logical and less disruptive transition of existing residents. The phasing plan will be developed and integrated into the requirements of the transition plan.

Transition Plan

This is the more formal process that will have to be approved by the Province through the ministerial consent process. Staff with CHH and RPI will review to determine the timing and next steps of this process. Much of this is contingent on finalizing the other matters listed above.

Communications Plan

Tenant involvement and engagement has been initiated, with staff meeting with the residents on a regular basis to provide updates and seek input each month on matters including design and transition. Public engagement as part of the *Planning Act* applications is also on-going.

Park Enhancement

The demonstration project provides the opportunity to co-ordinate park enhancements. The current park immediately adjacent to the subject lands is in need of some enhancement, efforts to co-ordinate the timing and implementation of these improvements will be made. A park masterplan and design process is currently underway and in the early planning stages.

Re-zoning/Official Plan Amendment/Draft Plan of Subdivision/Site Plan

The residential intensification of the lands is one envisioned and encouraged in the UHOP. These applications have been submitted for review and are currently under consideration by City staff.

This Report focuses on the delivery of the incentives package. The rationale to proceed with the creation of a CIPA is discussed below.

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Affordable Housing Demonstration Project

The demonstration project is intended to highlight how re-development can achieve numerous social and economic goals. In particular, it should be noted that the following would be secured through this process:

Inclusiveness

Seamless design – quality in design material and built form will be consistent across the site. Visually this will connect the development and remove any visual cues that may otherwise indicate variation across economic income of the future residents of the development.

Interconnected park and trail system - intended to physically and socially link people within and through the development.

Openness - fosters a community design that will improve natural surveillance, sense of ownership and community feel.

Accessibility – emphasis on exceeding the amount and quality of accessible units, particularly understanding how affordability issues are further compounded if combined with accessibility needs.

Affordable Home Ownership

The ability to partner with RPI and through the creation of a CIP, it is proposed that over 100 of the 300 proposed grade related units could be provided at approximately 20% below market. The units would be able to achieve this through a combination of forgivable loans to cover Parkland and Development Charges (DC) and an equivalent reduction committed to by RPI. The DC and Parkland combined reduction would represent approximately 10% of the market value and the remaining reduction in market value achieved through concessions provided by RPI.

Market

The intent for this project has been to demonstrate how a mixed tenure, mixed income development is not only compatible, but if integrated appropriately, could foster greater acceptance, tolerance and inclusivity.

The mixture of market and affordable units was also intended to allow for some of the affordable housing costs to be shared across the market units. To this end, incentives for the market units will be considered and recommended in the future programs to be introduced within the CIP.

As discussed in the Report, while incentives similar to those in the Downtown would be introduced within this CIP, in this instance, any incentives made available to market development would only be permitted in instances where significant amount of units

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with affordability and mixed tenure are delivered in combination. As such, unlike the Downtown incentives, there will be requirements to ensure mixed income and mixed tenure as a prerequisite to access the package of incentives.

Furthermore, unlike the Downtown, investment in land within this area is still considered high risk, and as such, the role of incentives is also considered as a means to stimulate neighbourhood rejuvenation both within and surrounding the proposed CIPA.

Rental

As detailed within this Report, it has been recognized that the development of rental units has been significantly affected since the creation of the *Condominium Act*, which has witnessed significant reductions in the construction of new rental buildings. This has resulted in the existing rental options primarily being of an older stock, limited availability and often in need of capital repair. The absence of this type of tenure on the market has resulted in steadily rising market rental rates further compounding the affordability of housing options within the City.

The proposed development would assist with this much needed product on the market, not only providing choice within the market but also adding to the inclusiveness and completeness of this new proposed community through the provision of approximately 135 market rental units.

Affordable Rental

In terms of social housing, the delivery of a 95-unit within social housing to be owned and operated by CHH would represent the preserve a significant component of those units. A significant portion of these units intended to be large (three and four bedrooms) in order to accommodate larger households. The rental market is increasingly under pressure to reduce the number and availability of larger family sized units.

The proposed CHH building would also introduce affordable rental units within the building. This provides not only additional economic sustainability in the operation of the building, but provides social sustainability through provision of a mixture of affordability.

Through the application of incentives, the market rental building is also going to be explored in order to determine if and how many affordable rental units could be introduced into this building. These discussions are continuing and are dependent on the range of potential incentives available.

Affordable Seniors Rental Housing

Discussions are also in the works with a development group who are seeking to provide affordable rental units for seniors in the form of a retirement facility. The Development Group proposes a scalable model of new-build housing that is safe, supportive and sustainable. The target market includes marginalized seniors waiting for assisted living options, patients waiting in hospitals and seniors living precariously in their homes.

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For this approach to be viable, relief from DCs and possibly additional incentives offered through the CIP would be required. They are currently in discussions with City of Hamilton and RPI representatives to potentially occupy one of the three proposed rental apartment buildings.

Community Improvement Plan

Previous Report PED16236 explored the option of providing incentives in the absence of creating a formal CIPA. However, through careful consideration and in discussion with Legal Services, the option of utilizing the Municipal Facilities By-law approach in combination with applying Development Charge credits from the demolition of existing units was not considered sufficient or appropriate in order to achieve the desired outcome.

It was determined that in order to achieve the desired level of control, provide the necessary range of incentives to stimulate both affordable housing and neighbourhood renewal, the most appropriate method would be through the development of a CIPA.

With regards to the merits of establishing a new CIPA geared towards affordable housing and neighbourhood revitalization, staff note the opportunity for such consideration can be explored in part given the successes to-date of the Downtown Hamilton CIPA. As the scale of incentives is gradually being reduced in the Downtown Hamilton CIPA, an opportunity exists to transition the focus of public attention on local priorities such as the McQueston Neighbourhood and others like it. The CIP approach would allow the City to target areas in transition or in need of repair, rehabilitation and re-development.

Through review of the demonstration project and a greater appreciation of the need and opportunity for inclusive neighbourhood renewal that focuses on affordable housing, it is proposed that the study area include additional areas within the community that would not only benefit from the previously identified opportunities of the location (LRT – Parks – Services) but also are areas with increasing pressures to be re-developed in the future due to the age and use of the existing building stock. These areas include Oriole Crescent and McQueston Community Hub - shown in the proposed CIPA map attached as Appendix “A” to Report PED16236(a)).

The boundary of the proposed CIPA and the implementation of the CIP would be consistent with Policy F.1.15.2 of the UHOP, which identifies the criteria that indicate the need for adoption of a CIP. This includes matters such as the need for building stock renewal as well as community and economic development reasons, exhibited by the lands contained within the proposed boundary.

Former institutional sites in particular, which by design are often larger contiguous sites that are underutilized and/or which have become vacant, pose particular challenges for

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re-development in some neighbourhoods. Where the cost of new construction, including all applicable fees, is at or greater than the local housing market, the perceived financial risk of re-development of such sites can discourage development. This is often further compounded when such sites, due to previous uses and or construction material, require costly remediation to permit more sensitive land uses such as residential. Left vacant and underutilized, these sites can have a destabilizing effect of the balance of the neighbourhood, further discouraging investment and re-development.

The current proposed boundary would consist of two former schools intended for re-development – being St. Helen’s and the Roxborough School. As such, the prospect of creating and defining CIPA’s for these ‘Institutional Bluefields’ within the McQueston Neighbourhood and other similar neighbourhoods, could facilitate and encourage community change in a coordinated manner and similarly stimulate private sector investment through municipal incentive-based programs. Beyond just the provision of affordable housing, areas such as these could provide the opportunity for creation of a development catalyst, stimulating investment in an area that has seen limited development in recent years. A new CIP for such ‘Institutional Bluefields’ would have a residential focus, with economic benefits to the City occurring mostly through increased tax assessment as a result of intensification.

Similarly, as highlighted within the demonstration project, opportunity exists to address the increasing concern of aging building stock, particularly housing within the CHH portfolio. Both the subject lands subject to Zoning and Official Plan Amendment Applications ZAC-18-10/OPA and lands to the north known as Oriole Crescent provide approximately 350 affordable units. The majority of these units are grade related and in need of Capital repairs. In addition, there is a need to modernize not only the stock but to address issues of efficiency and the subsidized concentration of units to improve cost effective and inclusive delivery of housing within the community.

The intent is to consolidate 95 of the existing 105 grade related CHH units into one building that would offer a mixture of unit sizes, innovative design and mixed income rental tenure – with both subsidized and affordable market rents within one building. This is then to be combined with a mixed income and mixed tenure community. Recognizing this as an opportunity, the proposed CIPA would include not only the lands subject to Applications ZAC-18-10/OPA but also the balance of housing within Oriole Crescent as well as the proposed community hub at the former St. Helen’s School.

The creation of a CIPA would not only help deliver the development proposed by Roxborough, but as anticipated, this development may prove to be a catalyst for future changes that will build upon the philosophy and intent of a complete, accessible, sustainable and inclusive community. It is the opinion of staff that a CIPA tailored to this intent would be the most effective manner in which to achieve this desired outcome. Financial incentives to be contemplated could include matters pertaining to stimulating

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more rental stock, more family friendly units and innovative, accessible and efficient building design.

This CIPA recognizes also the potential for greater pressures to be placed upon communities such as this to accommodate housing which is increasingly unaffordable within the Downtown. Similarly, the proposed reductions in the incentives offered within the Downtown, represents an opportunity to transfer some of these savings to those areas with the explicit focus on providing affordable and complete communities.

Should staff be directed to proceed with the establishment of a new CIPA on the basis of a demonstration project, the following process would need to be conducted.

- As is required with all newly proposed and extended CIPAs staff would require identifying existing issues as raised within this report and demonstrate why the problems need resolving;
- The solutions would be in the form of public and economic benefits that would form the desired outcomes;
- As part of the process staff would generate a description of the community improvement plan study process and as detailed in Appendix "A" propose a boundary of the community improvement project area;
- Once established, the criteria used for project selection would be justified through administration of the study, including departments responsible for preparing the community improvement plan, project timelines, resources needed and financial/budget implications; and,
- Under the *Planning Act*, and UHOP, the creation of a new CIPA would also be subject to public consultation and subject to appeal. Given the comprehensive nature of the process, the timelines would be approximately 6-12 months with additional time required should the process be appealed to the Local Planning Appeal Tribunal (LPAT).

Potential CIP Incentives

The demonstration project through the creation of a CIPA would seek to extend the eligibility and widen the definition of an affordable housing development to include varying levels of affordability.

The extent to which units would be eligible would be dependent on the amount and type of affordable housing being provided. Clearly careful application of this approach would need to be established to ensure the incentives apply only to those developments that create meaningful affordable housing options.

It is suggested that for the purposes of a demonstration project only, such options be explored, contingent on the creation of a mutually agreeable outcome between the City,

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CHH and the proponent. The package would potentially consist of one or more of the following:

Development Charges (DC) – consideration of opportunities for full or partial DC reductions (not including education) for units defined as both affordable as well as for market units. The extent of the DC exemptions would in part be contingent on the proportion and number of affordable housing created. Alternatively, DC exemptions for affordable housing could be removed from the DC By-law and, instead, be addressed through the creation of the CIP by providing a forgivable loan equivalent to the value of the DC payment, whereby each year the unit remains within the defined affordable limit, a portion of the DC charge would be forgiven. Through this process, the investment in affordable housing would be protected until a chosen period of time has elapsed and would be more flexible in terms of how and where it is delivered.

Parkland Dedication – similar to that of DC, consideration of full or partial Parkland Dedication reductions for units defined both as affordable, as well as, for market units will be explored. The extent of the Parkland waivers would be contingent on the amount of affordable housing created.

Tax Waivers – applicable only to the units that are affordable, the waivers would potentially further increase the affordability of the unit. It is considered that this incentive be carefully assessed given that a large consideration of the benefit of the incentives is to stimulate revitalization and increased tax assessment. As such, implementation of this incentive should be limited if at all, to only those units that represent deep affordability.

ERASE Program – Urban Renewal Section recently completed and approved its Five-Year Review of its Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan. The ERASE boundary is consistent with the existing urban boundary of the City. Staff amended the Program to allow the opportunity through this process to help with revitalization of former institutional sites. Currently, the institutional sites would qualify for ERASE Study and Re-development Grants if being re-developed to a more sensitive land use. Since many former institutional sites are being decommissioned and sold for the re-development of more sensitive land uses, demolitions become costly as they require the safe removal of above ground contaminants. The Program can assist in the removal of such substances which may include but not be limited to such things as asbestos or lead.

Planning Fee Reductions – for the purposes of the demonstration project, Planning Fees could be waived with respect to future development.

Building Permit Fees – under the provisions of the *Planning Act*, Building Permit Fees must be received. Additional funding sources could be identified to cover the fees in part or in total for those future proposed affordable units.

Potential Funding Sources

In terms of funding these incentives, there is a logical option to consider transferring the 'opportunity cost' being incrementally withdrawn from the current CIPAs, particularly that of the Downtown. Alternatively, in the absence of transferring current funding directed towards the existing CIPAs, a new sustainable funding source would need to be identified. This would need to be addressed in full within subsequent reports and as directed through the recommendations attached to this Report. It is noted that review of the current DC By-law is underway and that the CIP proposal options could be included within that review, which is intended to be finalized in 2019. This is recommended in Recommendation (c) of this Report.

Tax Assessment Increases

It is noted that through the intensification of the lands, the 'opportunity costs' that would be used to incentivise the development would be offset through the increased tax assessment. The significant intensification of the subject lands and the potential re-development of additional lands would result in considerable tax assessment increases, particularly given that CHH housing is exempt from municipal taxation. Each new townhouse would be expected to pay approximately \$4 K-\$4.5 K annually, whereas the tax income from the proposed apartment buildings would be approximately \$550 K annually (excluding the CHH building which as mentioned is exempt).

Partnerships

Key to the success of the demonstration project and a CIPA of this nature is to ensure multi-levels of government are involved in the solution. The Province of Ontario in updating the Long-Term Affordable Housing Strategy, announced an investment of \$178 M over three years, acknowledging a long-term commitment to stable funding that will continue transformation of the housing system. They further acknowledge a plan to invest up to \$100 M in operation funding, and supporting the construction of up to 1.5 K new supportive housing units for the long-term, with operating assistance eventually assisting up to 6,000 households.

As part of this process, the Province released the Ontario Development Charges Rebate Program as one of the initiatives under the Fair Housing Plan to increase supply of market rental housing – specifically of purpose-built market rental housing. Under the Program, eligible market rental housing developments would receive a rebate of development charges collected by Municipalities. The Program would be administered by Municipalities and target priority projects in those communities that are most in need of new purpose-built rental housing. Under the Development Charges Rebate Program, Hamilton responded to the Expression of Interest and was successful in securing a total (nominal) of \$6,850,702 over five years.

As detailed within the RPI proposal, there are currently three rental buildings proposed – one will be owned and operated by CHH, one is being considered for an affordable

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housing for seniors and the third would be market rental and thus eligible for the proposed Rebate Program proposed by the Province. As such staff will be working with the Province and RPI to determine if the Project can be awarded participation within the Program. In addition, funding is also being explored with the incentives being offered through current and future programs at Canada Mortgage and Housing Corporation (CHMC).

At the Federal level, staff continue to review and participate in discussions with respect to future potential funding streams that may be applicable to projects similar to that detailed within this Report.

Conclusion

The consideration of incentives to encourage the development of affordable housing projects through the creation of a CIPA would be consistent and conform to the relevant policies detailed above. The comprehensive re-development would likely provide a catalyst for further investment within the area, increase the existing tax assessment base and replace subsidized units in need of significant Capital repairs.

It is considered that whilst this will be developed as a demonstration project, the information and outcomes can be replicated and enhanced through development of similar CIPAs in areas in need of similar revitalization.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED16236(a) - Proposed CIPA Boundary

EJ/sd